

**MACOMB COUNTY,  
MICHIGAN**

**SINGLE AUDIT**

**For the Year Ended December 31, 2008**

**MACOMB COUNTY, MICHIGAN  
SINGLE AUDIT**

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**Year Ended December 31, 2008**

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MACOMB COUNTY, MICHIGAN  
Schedule of Expenditures of Federal Awards  
For the Year Ending December 31, 2008

Federal Agency/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance	Program Period		Expenditures
		From	To	
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
Direct Program -				
USDA Commodities - Food Donations	10.550	10/01/07	09/30/08	\$ 31,023
Passed Through Area Agency on Aging 1-B:				
Home Delivered Meals - USDA	10.558	10/01/07	09/30/08	283,616
Congregate Nutrition Program	10.558	10/01/07	09/30/08	78,301
Passed Through Michigan Department of Community Health -				
WIC - Special Supplemental Nutrition for Infants and Children	10.557	10/01/07	09/30/08	1,148,003
Passed Through Michigan Department of Education:				
National School Breakfast	10.553	10/01/07	09/30/08	50,196
National School Lunch	10.555	10/01/07	09/30/08	77,606
Head Start-Children Meals Program	10.558	09/01/07	08/31/08	336,353
TEFAP Surplus Food Assistance - Administration	10.568	10/01/07	09/30/08	66,548
TEFAP Surplus Food Assistance - Commodities	10.569	10/01/07	09/30/08	181,240
Passed Through MI Department of Energy, Labor and Economic Growth:				
Food Assistance and Employment Training - Operations	10.561	10/01/07	09/30/08	120,770
Food Assistance and Employment Training - Support Services	10.561	10/01/07	09/30/08	6,686
Passed Through Kansas State University -				
Operation Military Kids	10.500	10/01/07	09/30/08	21,682
<b>Total U.S. Department of Agriculture</b>				<b>2,402,024</b>
<b>U.S. DEPARTMENT OF COMMERCE</b>				
Passed Through Michigan Department of State Police -				
2007 Public Safety Interoperable Communications R2-13	11.555	10/01/07	06/30/10	211,202
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>				
Direct Programs:				
Community Development Block Grant (B-06-Uc-26-0005)	14.218	01/01/08	12/31/08	395,821
Community Development Block Grant (B-07-Uc-26-0005)	14.218	01/01/08	12/31/08	1,286,989
HUD Homeless	14.235	10/01/07	09/30/08	13,051
Home Investment Partnership # M-05-Uc-26-0209	14.239	01/01/08	12/31/08	80,068
Home Investment Partnership # M-06-Dc-26-0209	14.239	01/01/08	12/31/08	998,844
Home Investment Partnership # M-07-Dc-26-0209	14.239	01/01/08	12/31/08	292,456
Passed Through other than State of Michigan:				
Warren Housing	14.218	10/01/07	09/30/08	10,275
CSA Chore Services - Cities	14.219	10/01/07	09/30/08	117,017
Continuum Care	14.219	07/01/07	06/30/08	35,200
<b>Total U.S. Department of Housing and Urban Development</b>				<b>3,229,721</b>
<b>U.S. DEPARTMENT OF JUSTICE</b>				
Direct Programs:				
Comm. Orientated Policing Tech Prgm. Grant #2008CKWX0491	16.710	12/26/07	12/25/10	82,415
Comm. Orientated Policing Tech Prgm. Grant #2008CKWX0492	16.710	12/26/07	12/25/10	172,628
Comm. Orientated Policing Tech Prgm. Grant #2008CKWX0493	16.710	12/26/07	12/25/10	79,010
JAG #2008-DJ-BX-0136	16.738	10/01/07	09/30/11	44,649
Passed Through Michigan Department of Human Services -				
Juvenile Accountability Incentive Block Grant	16.523	04/01/07	03/31/08	43,871
Passed Through Michigan Department of Community Health:				
Domestic Violence Victim Advocate	16.575	10/01/07	09/30/08	139,854
Anti-Drug Abuse	16.738	10/01/07	09/30/08	58,714
Street Level Enforcement Team	16.738	10/01/07	09/30/08	253,286

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MACOMB COUNTY, MICHIGAN  
Schedule of Expenditures of Federal Awards  
For the Year Ending December 31, 2008

Federal Agency/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance	Program Period		Expenditures
		From	To	
<b>U.S. DEPARTMENT OF JUSTICE (CONCLUDED)</b>				
Passed Through Michigan Department of Human Services - Disproportionate Minority Contract	16.540	10/01/07	09/30/08	\$ 109,766
<b>Total U.S. Department of Justice</b>				<u>984,193</u>
<b>U.S. DEPARTMENT OF LABOR</b>				
Passed Through MI Department of Energy, Labor and Economic Growth:				
Wagner - Peysler - 7A - Employment Services	17.207	01/01/08	12/31/08	1,613,762
Wagner - Peysler - 7A - No Worker Left Behind	17.207	01/01/08	12/31/08	254,971
Trade Adjustment Assistance	17.245	10/01/07	09/30/08	3,860,595
Workforce Investment Act - Adult	17.258	01/01/08	12/31/08	7,309,072
WIA Statewide - One Stop Operation	17.258	01/01/08	12/31/08	97,321
WIA Statewide - Incentive	17.258	01/01/08	12/31/08	18,754
WIA Statewide - Capacity Building	17.258	01/01/08	12/31/08	5,669
WIA - Local Admin	17.258	01/01/08	12/31/08	204,496
WIA Statewide - Work First Support	17.258	01/01/08	12/31/08	60,048
WIA Statewide - No Worker Left Behind	17.258	01/01/08	12/31/08	79,325
Career Transition Program	17.258	01/01/08	12/31/08	343
WIA Career Advancement Statewide Match	17.258	01/01/08	12/31/08	23,990
WIA Statewide - No Worker Left Behind	17.259	01/01/08	12/31/08	170,269
WIA Statewide - No Worker Left Behind	17.260	01/01/08	12/31/08	86,243
Workforce Investment Act - Youth	17.259	01/01/08	12/31/08	3,128,411
WIA Statewide - One Stop Operation	17.259	01/01/08	12/31/08	208,899
WIA Statewide - Incentive	17.259	01/01/08	12/31/08	40,254
WIA Statewide - Capacity Building	17.259	01/01/08	12/31/08	12,168
WIA - Local Admin	17.259	01/01/08	12/31/08	438,948
WIA Statewide - Work First Support	17.259	01/01/08	12/31/08	128,893
Career Transition Program	17.259	01/01/08	12/31/08	737
WIA Career Advancement Statewide Match	17.259	01/01/08	12/31/08	51,494
Workforce Investment Act - Dislocated Workers	17.260	01/01/08	12/31/08	5,833,971
WIA Statewide - One Stop Operation	17.260	01/01/08	12/31/08	105,809
WIA - Incumbent Worker	17.260	01/01/08	12/31/08	496,939
WIA Statewide - Incentive	17.260	01/01/08	12/31/08	20,389
WIA Statewide - Capacity Building	17.260	01/01/08	12/31/08	6,163
WIA - Local Admin	17.260	01/01/08	12/31/08	222,331
WIA Statewide - Work First Support	17.260	01/01/08	12/31/08	65,285
WIA - National Emergency Grant	17.260	01/01/08	12/31/08	284,173
Career Transition Program	17.260	01/01/08	12/31/08	373
WIA Career Advancement Statewide Match	17.260	01/01/08	12/31/08	26,082
WIA Dislocated Worker-No Worker Left Behind	17.260	01/01/08	12/31/08	442,795
WIA Dislocated Worker-Career Advancement	17.260	01/01/08	12/31/08	108,637
WIA - Disability Navigator	17.266	01/01/08	12/31/08	63,173
Passed Through State Office of Services to the Aging - Senior Community Service Employment Program	17.235	01/01/08	12/31/08	<u>640,983</u>
<b>Total U.S. Department of Labor</b>				<u>26,111,765</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>				
Passed Through Michigan Department of State Police:				
Drive Michigan Safety Task Force	20.600	10/01/07	09/30/08	272,462
Youth Alcohol Enforcement	20.601	10/01/07	09/30/08	39,372
Red Light Enforcement	20.602	10/01/07	09/30/08	66,362
Operation Nightcap and Belt Enforcement - Equipment	20.609	10/01/07	09/30/08	30,089
Hazardous Materials Emergency Preparedness	20.703	10/01/07	09/30/08	8,993

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MACOMB COUNTY, MICHIGAN  
Schedule of Expenditures of Federal Awards  
For the Year Ending December 31, 2008

Federal Agency/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance	Program Period		Expenditures
		From	To	
<b>U.S. DEPARTMENT OF TRANSPORTATION (CONCLUDED)</b>				
Passed Through Michigan Department of Transportation: Macomb Orchard Trail Phase II and III	20.205	01/01/08	12/31/08	\$ 47,568
<b>Total U.S. Department of Transportation</b>				<u>464,846</u>
<b>U.S. SMALL BUSINESS CENTER</b>				
Direct Programs:				
SBA Incubator	59.000	08/01/08	07/31/10	36,961
Small Business Tech and Development Center	59.037	01/01/08	12/31/08	<u>190,000</u>
<b>Total U.S. Small Business Center</b>				<u>226,961</u>
<b>U.S. ENVIRONMENTAL PROTECTION AGENCY</b>				
Direct Programs:				
Collection of Unwanted Household Electronics and Medicines	66.469	10/01/07	09/30/08	10,526
Drinking Water Protection	66.469	10/01/07	09/30/08	277,234
EPA Assess Brownfield	66.818	02/01/06	02/28/09	67,621
Passed Through Michigan Department of Environmental Quality:				
Beach Monitoring and Notification	66.427	10/01/07	09/30/08	5,964
State Clean Water and/or Drinking Water Revolving Fund	66.458	10/01/07	09/30/08	133,701
Non-Community Water-Operator Certification	66.471	10/01/07	09/30/08	5,800
Passed Through Michigan Department of Agriculture - Clean Sweep Pesticide Collection Program	66.801	10/01/07	09/30/08	<u>14,982</u>
<b>Total U.S. Environmental Protection Agency</b>				<u>515,828</u>
<b>U.S. DEPARTMENT OF ENERGY</b>				
Passed Through Michigan Department of Human Services - Weatherization	81.042	04/01/07	03/31/08	<u>519,998</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
Direct Program - Head Start	93.600	09/01/07	08/31/08	5,375,543
Passed Through Area Agency on Aging 1-B:				
Senior Citizen Chore Services	93.044	10/01/07	09/30/08	83,998
Title III Outreach/Resource Advocacy	93.044	10/01/07	09/30/08	70,098
Legal Assistance	93.044	10/01/07	09/30/08	41,880
Home Injury Control	93.044	10/01/07	09/30/08	23,577
Congregate Nutrition Programs	93.045	10/01/07	09/30/08	387,584
Home Delivered Meals	93.045	10/01/07	09/30/08	726,085
Passed Through Michigan Department of Community Health:				
Tuberculosis Control, Directly Observed Therapy	93.116	10/01/07	09/30/08	22,470
MITURN Homeless Project	93.150	10/01/07	09/30/08	67,200
Macomb Homeless Project - (PATH)	93.150	10/01/07	09/30/08	34,420
Family Planning - General Services	93.217	10/01/07	09/30/08	156,899
Immunization Grants	93.268	10/01/07	09/30/08	4,345,928
Immunization - Centralized Vaccine	93.268	10/01/07	09/30/08	16,980
Immunizations - IAP	93.268	10/01/07	09/30/08	338,189
Immunizations - AFIX	93.268	10/01/07	09/30/08	2,550
VFC/AFIX - Provider Site Visits	93.268	10/01/07	09/30/08	10,800
VFC - Provider Site Visits	93.268	10/01/07	09/30/08	1,800

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MACOMB COUNTY, MICHIGAN  
Schedule of Expenditures of Federal Awards  
For the Year Ending December 31, 2008

Federal Agency/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance	Program Period		Expenditures
		From	To	
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONCLUDED)</b>				
Passed Through Michigan Department of Community Health (concluded):				
Immunization - Nurse Training	93.268	10/01/07	09/30/08	\$ 4,200
Bioterrorism - Focus A	93.283	10/01/07	09/30/08	372,077
Bioterrorism - EWIDS	93.283	10/01/07	09/30/08	197
Bioterrorism - Pandemic Flu Supplemental	93.283	10/01/07	09/30/08	192,956
Cities Readiness Initiative	93.283	10/01/07	09/30/08	193,725
Child Care Consultation Grant	93.575	10/01/07	09/30/08	72,715
MI Child	93.767	10/01/07	09/30/08	77,827
Adult Benefits Waiver	93.767	10/01/07	09/30/08	110,910
MI Child - Substance Abuse	93.767	10/01/07	09/30/08	10,816
CSHCS Outreach Advocacy	93.778	10/01/07	09/30/08	81,782
CSHCS Care Coordination	93.778	10/01/07	09/30/08	26,386
Infant Mortality Coalition Support	93.778	10/01/07	09/30/08	60,932
Medicaid Outreach Activities Reimbursement	93.778	10/01/07	09/30/08	52,246
OBRA Assessment	93.778	10/01/07	09/30/08	329,981
Fetal Infant Mortality Review	93.926	10/01/07	09/30/08	3,780
AIDS / HIV Prevention	93.940	10/01/07	09/30/08	163,578
Housing Resource Center	93.958	10/01/07	09/30/08	100,000
Coordinated Homeless Housing Resource Center	93.958	10/01/07	09/30/08	31,483
Consumer Created Video	93.958	10/01/07	09/30/08	12,477
Development of a Consumer Cooperative	93.958	10/01/07	09/30/08	2,724
Family Psychoeducation	93.958	10/01/07	09/30/08	26,542
Outreach Team for Chronically Homeless Adults with SMI	93.958	10/01/07	09/30/08	17,832
Consumer Drop-In Center Enhancements	93.958	10/01/07	09/30/08	2,700
Alcohol/Drug Abuse Mental Health Block Grant	93.959	10/01/07	09/30/08	2,927,240
Sexually Transmitted Disease - STD Control	93.991	10/01/07	09/30/08	44,186
CSHCS Outreach and Advocacy Reg Allocation	93.994	10/01/07	09/30/08	62,469
SIDS Counseling	93.994	10/01/07	09/30/08	85
Local MCH Program - Family Planning	93.994	10/01/07	09/30/08	196,271
Passed Through Michigan Department of Human Services:				
Temporary Assistance for Needy Families (TANF)	93.558	10/01/07	09/30/08	104,280
Earned Income Tax Credit (TANF-E)	93.558	01/01/08	06/30/08	20,503
Cooperative Reimbursement Program-Incentive	93.563	10/01/07	09/30/08	956,169
Prosecuting Attorney - Child Support Enforcement	93.563	10/01/07	09/30/08	729,708
Friend of the Court - IV D Program	93.563	10/01/07	09/30/08	5,204,305
CAA Administration	93.569	10/01/07	09/30/08	158,641
General Community Programming	93.569	10/01/07	09/30/08	658,360
CSBG - Discretionary EITC	93.569	01/01/08	06/30/08	13,000
Child Care Development Block Grant	93.575	10/01/07	09/30/08	61,200
Community Coordinated Child Care	93.596	10/01/07	09/30/08	373,354
Youth Mentor Can	93.667	10/01/07	09/30/08	9,900
Passed Through MI Department of Energy, Labor and Economic Growth:				
Workfirst TANF - Jobs Education and Training	93.558	10/01/07	09/30/08	3,752,973
Workfirst TANF "E" Supportive Services	93.558	10/01/07	09/30/08	187,000
Workfirst TANF "V" Supportive Services	93.558	10/01/07	09/30/08	75,299
Jobs Education and Training plus Pilot	93.558	10/01/07	09/30/08	50,000
Passed Through State Court Administrative Office -				
Access and Visitation Grant	93.563	10/01/07	09/30/08	13,827
<b>Total U.S. Department of Health and Human Services</b>				<b>29,252,637</b>
<b>U.S. CORPORATION FOR NATIONAL AND COMMUNITY SERVICES</b>				
Passed Through Michigan Community Service Commission -				
Teen Peer Mentoring	94.006	10/01/07	09/30/08	10,364

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MACOMB COUNTY, MICHIGAN  
Schedule of Expenditures of Federal Awards  
For the Year Ending December 31, 2008

Federal Agency/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance	Program Period		Expenditures
		From	To	
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>				
Direct Program -				
Emergency Food and Shelter Program	97.024	01/01/08	12/31/08	\$ 232,376
Passed Through Michigan Department of State Police:				
Emergency Management Performance Grant	97.042	10/01/07	09/30/08	29,726
2005 Michigan Citizen Corps Program	97.067	06/01/07	03/31/08	19,919
2006 Michigan Citizen Corps Program	97.067	06/01/07	06/01/08	1,314
2006 Homeland Security Grant	97.067	01/01/08	12/31/08	319,630
2007 Homeland Security Grant SHSP	97.067	07/01/07	03/31/10	2,225
2007 Homeland Security Grant UASI	97.067	07/01/07	03/31/10	21,551
State Homeland Security 05/07	97.067	01/01/08	12/31/08	806
LETPP 05/07	97.067	01/01/08	12/31/08	18,197
<b>Total U.S. Department of Homeland Security</b>				645,744
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>				<b>\$ 64,575,283</b>

See the accompanying notes to this schedule.

# MACOMB COUNTY, MICHIGAN

## Notes to Schedule of Expenditures of Federal Awards

### 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Macomb County, Michigan (the "County") and is presented on the accrual basis of accounting.

The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

### 2. SUBRECIPIENTS

Of the federal expenditures presented in the schedule, Macomb County, Michigan provided federal awards to subrecipients as follows:

<b>Program Title</b>	<b>CFDA Number</b>	<b>Amount Provided to Subrecipients</b>
Food Assistance & Employment Training	10.561	\$ 121,574
Community Development Block Grant	14.218	1,304,875
Street Level Enforcement Team	16.738	72,693
Wagner Peyser 7(a) Employment Services	17.207	1,138,344
Senior Title V	17.235	72,172
Workforce Investment Act - Adult	17.258	1,479,977
Workforce Investment Act - Youth	17.259	2,494,309
Workforce Investment Act - Dislocated Workers	17.260	2,087,451
Drive Michigan Safely Task Force	20.600	205,922
Youth Alcohol Enforcement	20.601	20,424
Red Light – Occupant Protection	20.602	66,362

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

June 25, 2009

To the Board of Commissioners  
of Macomb County  
Mount Clemens, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of **MACOMB COUNTY, MICHIGAN**, as of and for the year ended December 31, 2008, which collectively comprise the County's basis financial statements, and have issued our report thereon dated June 25, 2009. We did not audit the financial statements of the Macomb County Road Commission, which represents 68.4% of the assets and 45.9% of the revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports were furnished to us, and our opinions, insofar as they relate to the amounts included for the Macomb County Road Commission, are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Macomb County, Michigan's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2008-1 and 2008-2 to be significant deficiencies in internal control over financial reporting.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider item 2008-1 to be a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether *Macomb County, Michigan's* financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests and the reports of the other auditors disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Macomb County in a separate letter dated June 25, 2009.

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the County's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the budget committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM  
AND INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

August 17, 2009

To the Board of Commissioners  
of Macomb County  
Mount Clemens, Michigan

**Compliance**

We have audited the compliance of **Macomb County, Michigan** (the “County”) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2008. The County’s major federal programs are identified in the summary of auditors’ results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County’s management. Our responsibility is to express an opinion on the County’s compliance based on our audit.

The County’s basic financial statements include the operations of the Macomb County Road Commission, which expended \$1,330,276 in federal awards, which is not included in the schedule of expenditures of federal awards for the year ended December 31, 2008. Our audit, described below, did not include the operations of the Macomb County Road Commission because an audit in accordance with OMB Circular A-133 for those activities was performed by other auditors and a separate report was issued.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County’s compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2008. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2008-3 thru 2008-9.

## **Internal Control Over Compliance**

The management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the County's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2008-4, 2008-5, 2008-7, 2008-8 and 2008-9 to be significant deficiencies.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We do not consider any of the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses.

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the County's responses and, accordingly, we express no opinion on them.

## **Schedule of Expenditures of Federal Awards**

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of and for the year ended December 31, 2008, and have issued our report thereon dated June 25, 2009. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the budget committee, management, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



# MACOMB COUNTY, MICHIGAN

## Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2008

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### SECTION I – SUMMARY OF AUDITORS’ RESULTS

#### Financial Statements

Type of auditors’ report issued:

Unqualified

Internal control over financial reporting:

Material weakness(es) identified?

X  yes   no

Significant deficiencies identified  
not considered to be material weaknesses?

X  yes   none reported

Noncompliance material to financial statements  
noted?

yes  X  no

#### Federal Awards

Internal Control over major programs:

Material weakness(es) identified?

yes  X  no

Significant deficiencies identified  
not considered to be material weaknesses?

X  yes   none reported

Type of auditors’ report issued on compliance  
for major programs:

Unqualified

Any audit findings disclosed that are required  
to be reported in accordance with  
Circular A-133, Section 510(a)?

X  yes   no

**MACOMB COUNTY, MICHIGAN**

**Schedule of Findings and Questioned Costs (Continued)**

**For the Year Ended December 31, 2008**

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**SECTION I – SUMMARY OF AUDITORS’ RESULTS (CONCLUDED)**

**Identification of Major Programs**

CFDA Numbers

Name of Federal Program or Cluster

17.245

Trade Adjustment Assistance

93.558

Temporary Assistance for Needy Families

93.563

Child Support Enforcement

93.600

Head Start

Dollar threshold used to distinguish  
between Type A and Type B programs:

\$1,937,258

Auditee qualified as low-risk auditee?

X  yes           no

# MACOMB COUNTY, MICHIGAN

## Schedule of Findings and Questioned Costs (Continued)

For the Year Ended December 31, 2008

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### SECTION II – FINANCIAL STATEMENT FINDINGS

#### 2008-1 Material Audit Adjustments (Including Reclassifications)

Finding type:	Material weakness in internal controls over financial reporting.
Criteria:	Management is responsible for maintaining its accounting records in accordance with generally accepted accounting principles (GAAP).
Condition/Finding:	During our audit, we identified and proposed four adjustments (which were approved and posted by management) that were significant, either individually or in the aggregate, to the County's financial statements. These adjustments included corrections for accounts receivable, compensated absences, accrued taxes receivable, beginning net assets and accrued liabilities.
Cause:	Internal controls did not detect all adjustments necessary to properly record year-end balances.
Effect:	As a result the following areas were initially misstated: <ul style="list-style-type: none"><li>• Accounts receivable in the Martha T Berry Medical Care Facility enterprise fund was overstated by approximately \$278,000.</li><li>• Compensated absences in the compensated absences internal service fund was understated by approximately \$198,000.</li><li>• Taxes receivable was overstated and due from other funds was understated in the general fund by approximately \$6,745,000 and both taxes receivable and due to other funds were understated in the delinquent tax revolving enterprise fund by the same amount. Fund equity was properly stated in both funds prior to this adjustment.</li><li>• Beginning net assets in the employee fringe benefit internal service fund was understated by approximately \$12,907,000 and liabilities in the payroll agency fund were overstated by the same amount.</li></ul>
Recommendation/ Comment:	We recommend that the County take steps to insure that all year-end adjustments are identified and posted for financial reporting purposes.
View of Responsible Official:	Procedures have already been instituted to ensure that those adjustments are made correctly going forward.

# MACOMB COUNTY, MICHIGAN

## Schedule of Findings and Questioned Costs (Continued)

For the Year Ended December 31, 2008

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### SECTION II – FINANCIAL STATEMENT FINDINGS (Concluded)

#### 2008-2 Reconciliation of Agency Fund Liability Accounts

Finding type:	Significant deficiency in internal controls over the reconciliation of agency fund liability accounts.
Criteria:	The County uses its agency funds to account for assets held on behalf of outside parties, including other governments. Accordingly, the County is required to keep accurate subsidiary records of amounts held in each liability account. These accounts should be analyzed and reconciled on a regular basis (i.e., monthly or quarterly).
Condition/Finding:	During our audit, we requested support for various accounts held as part of the County's agency funds. The County was unable to provide support for one of the accounts requested.
Cause:	The County does not have an established policy requiring the periodic reconciliation of its agency fund liabilities.
Effect:	As a result of this condition, the County is exposed to an increased risk of error or fraud as disbursements from agency funds are not subject to the normal budgetary oversight found in other funds.
Recommendation/ Comment:	The County is in the process of reconciling its agency accounts. Once reconciled, we recommend that these accounts be reconciled in a timely manner throughout the year.
View of Responsible Official:	Reconciliation of the agency accounts is actively taking place.



# MACOMB COUNTY, MICHIGAN

## Schedule of Findings and Questioned Costs (Continued)

For the Year Ended December 31, 2008

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### SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

#### 2008-3 Payroll Certifications

Finding type: Noncompliance

Federal program(s): Temporary Assistance for Needy Families (CFDA# 93.558)

Criteria: OMB Circular A-87, Attachment B, requires charges to federal programs to be supported by personnel activity reports, or in the case of staff who spend 100% of their time on a single federal program, semi-annual certifications.

Condition/Finding: During the fiscal year ending September 30, 2008, semi-annual certifications were not being completed during the first three months of the year (October – December 2007) for employees charged 100% to the Temporary Assistance for Needy Families program.

Cause: This condition appears to be the result of (1) past practice not having been previously questioned, and (2) lack of specific knowledge and understanding of the payroll allocation methods allowed by federal guidelines.

Effect: This condition increases the risk that the County will report an incorrect amount related to the Temporary Assistance for Needy Families grant.

Recommendation/  
Comment: The County has corrected this issue during the fiscal year, beginning in January 2008. The County now appears to be properly following federal guidelines.

View of  
Responsible  
Officials: The situation was corrected in January 2008.

#### 2008-4 Suspended and Debarred Parties

Finding type: Noncompliance; Significant deficiency in internal controls over compliance.

Federal program(s): Child Support Enforcement (CFDA# 93.563)

Criteria: The OMB Circular A-133 Compliance Supplement provides that “Non-federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred...the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded.”

# MACOMB COUNTY, MICHIGAN

## Schedule of Findings and Questioned Costs (Continued)

For the Year Ended December 31, 2008

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### SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

#### 2008-4 Suspended and Debarred Parties (Concluded)

Condition/Finding: During our testing of this compliance requirement we found one instance in the Child Support Enforcement program where the County had not verified suspension or debarment.

Cause: Those responsible for administering the County's Child Support Enforcement grant were not aware of this requirement.

Effect: This condition increases the risk that the County could conduct business with suspended or debarred party in violation of OMB Circular A-133.

Recommendation/  
Comment: We recommend that the County implement procedures necessary to identify all covered transactions that take place and to use the already existing County contractual language that contains the suspension and debarment clause.

View of  
Responsible  
Officials: The Friend of the Court will take corrective action to assure that contracts subject to this requirement include appropriate language regarding suspension and debarment in the future. In addition, contracts currently in effect will be amended appropriately.

#### 2008-5 Supporting Documentation to Ensure Proper Period of Availability

Finding type: Noncompliance; Significant deficiency in internal controls over compliance.

Federal program(s): Child Support Enforcement (CFDA# 93.563)

Criteria: Expenditures charged to a federal program are required to be supported by proper documentation.

Condition/Finding: During our testing to ensure proper period of availability, of the twenty-five October 2008 expenditures we selected to test, we found two instances in the Child Support Enforcement program where the County was not able to provide support for the expenditure.

Cause: This condition appears to be the result of a misallocation of phone equipment charges among departments.

# MACOMB COUNTY, MICHIGAN

## Schedule of Findings and Questioned Costs (Continued)

For the Year Ended December 31, 2008

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### SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

#### 2008-5 Supporting Documentation to Ensure Proper Period of Availability (Concluded)

Effect: This condition increases the risk that the County could charge expenditures to the Child Support Enforcement program that are unallowable or relate to the incorrect grant year.

Recommendation/  
Comment: We recommend that the County implement procedures necessary to be able to support all expenditures charged to federal programs.

View of  
Responsible  
Officials: Job responsibilities were reassigned in early 2009 in the department responsible for allocating the costs in question and the situation has been corrected as a result.

#### 2008-6 Period of Availability

Finding type: Noncompliance; Significant deficiency in internal controls over compliance.

Federal program(s): Trade Adjustment Assistance (CFDA# 17.245)

Criteria: Expenditures charged to federal grants should be actual expenditures of the period in which the expenditures are charged to the grant.

Condition/Finding: During our testing to ensure proper period of availability, of the twenty-five October 2008 expenditures we selected to test, we found five instances in the Trade Adjustment Assistance program where the expenditure related to fiscal year ended September 30, 2008 were not charged to the grant until the next fiscal year.

Cause: This condition appears to be the result of lack of controls over the process of recording expenditures in the proper period.

Effect: This condition increases the risk that federal expenditures will be submitted for reimbursement in the incorrect year and, therefore, be rejected by the funding agency.

Recommendation/  
Comment: We recommend that those administering the Trade Adjustment Assistance program implement procedures necessary to ensure that expenditures charged to the federal program are charged in the proper period.

View of Responsible  
Officials: The costs in question were allowable costs that were charged to the wrong grant year. Year-end cutoff will be reviewed more closely in the future.

# MACOMB COUNTY, MICHIGAN

## Schedule of Findings and Questioned Costs (Concluded)

For the Year Ended December 31, 2008

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### SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Concluded)

#### 2008-7 Quarterly Reports

Finding type:	Noncompliance; Significant deficiency in internal controls over compliance.
Federal program(s):	Trade Adjustment Assistance (CFDA# 17.245)
Criteria:	The U.S. Department of Labor requires that quarterly reports summarizing expenditures be filed each quarter.
Condition/Finding:	During our testing of this requirement, it was noted that two of the four quarters did not agree to the monthly FSR's that were submitted for those time periods for the Trade Adjustment Assistance program.
Cause:	This condition appears to be the result of lack of controls over this reporting requirement.
Effect:	This condition increases the risk that the quarterly reports submitted do not reflect the correct amount of expenditures for the period.
Recommendation/ Comment:	We recommend that the County work with the Workforce Development Board to implement the procedures necessary to ensure that actual expenditures are being reported on these quarterly reports and agree to, or can be reconciled to, both IFAS and the monthly FSR's.
View of Responsible Officials:	The requirement for quarterly reports was discontinued effective for the fourth quarter in fiscal year 2008.

### SECTION IV – PRIOR YEAR FEDERAL AWARD FINDINGS

No matters were reported.

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